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C O N F I D E N T I A L SECTION 01 OF 02 DUBAI 000281

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SUBJECT: MINA SAQR - RAS AL-KHAIMAH'S MAIN PORT

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CLASSIFIED BY: Paul R Sutphin, Consul General, Dubai, UAE.
REASON: 1.4 (b), (d)

1.(SBU) SUMMARY. Ras al-Khaimah's main seaport is Saqr Port. The port primarily handles bulk exports of aggregate and gravel. A container terminal, managed by Kuwait Gulf Link (KGL), was recently completed and will soon become operational. RAK Customs has installed an x-ray scanner at Saqr Port. RAK has three smaller industrial ports that are independent of Saqr Port Authority. End Summary.

2.(SBU) Poleconoffs met with five members of Ras al-Khaimah's (RAK) Saqr Port Authority on April 12. They were Captain Ibrahim Ahmed A. Al-Tunaiji, General Manager; Captain Mohamed Shaker Rashid, Deputy Port Manager and Operations Manager; Ismail Ahmed Mattar, Admin and Financial Manager; Hussain M. Sayed, Engineering Department Manager; and Captain Abdelouhab Abida, Harbor Master. Earlier, on March 28, poleconoffs met with the RAK government's Customs Center Manager, Fahem Abdullah al-Habsi who provided an overview of both the port and customs operations at Saqr Port.

Saqr Port - RAK's Main Port

3.(SBU) Saqr Port is RAK's main seaport. The port is located on the Persian Gulf, north of the town of Rams and a few miles south of the UAE-Oman border at al-Jeer. The port has 12 deep water berths, eight of which are used for loading locally quarried gravel and aggregate for export. Some of the eight berths are also used for break-bulk cargo and bulk petroleum products. All of the berths have a draft of 12 meters. The longest vessel the port can accommodate is 225 meters (731 feet) and 80,000 Dead Weight Tons (DWT) is the largest bulk carrier that the port handles. According to port management, 1,500,000 metric tons of aggregate, gravel, and limestone are exported per month. Most of is shipped within the Gulf, but some is shipped to India. Mattar said the port can load 50 tons of aggregate in 24 hours and about 600,000 tons of bulk materials, mostly refined petroleum products, are unloaded at Saqr Port every month.

4.(SBU) Port management repeatedly stressed that the port's purpose is to serve RAK's economic development, rather than to make a profit. Saqr Port's management claims to charge the

lowest fees per ton for loading of any port in the UAE. An example was given that the port only charges AED 4 (USD 1.07) per ton for loading bulk gravel. Comment: no figures were quoted for loading at competing ports. End comment. The port employs approximately 250 workers.

5.(SBU) The Saqr Port Authority administration is separate from other RAK ports and management reports directly to RAK's de facto ruler, Crown Prince Sheikh Saud bin Saqr al-Qassimi.

Container Terminal Inauguration in May

6.(C) Saqr Port has recently been upgraded to handle container ships. Kuwait Gulf Link (KGL), the terminal operator, has entered into a 21 year contract with Saqr Port to operate the container terminal. KGL is said to have spent over USD 50 million upgrading the container terminal and has 50-60 personnel working there. Saqr Port's container terminal is ready for operation, but has yet to handle any container traffic -- the port authority claims it is waiting for the formal inauguration by Sheikh Saud in May 2007. Port authority officials said they chose KGL -- presumably over the obvious choice DP World -- because they believe KGL will offer the best service and identify reliable customers.

7.(SBU) The container terminal has four berths. The port management expects KGL to initially handle 300,000 twenty foot container equivalent units (TEU) per year. They said the container terminal has the capacity to handle more than 1,000,000 TEUs per year.

RAK Customs Scanners at Port Saqr

8.(C) Fahem Abdullah al-Habsi, the Customs Center Manager at Saqr Port, stated that RAK Customs recently acquired two x-ray cargo scanners from China. One of the scanners is fixed at the port. Its location, near the container terminal gate, is to

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facilitate the scanning of containers as they leave the port. RAK Customs' second scanner is mobile. Though it will be initially used at Saqr Port, al-Habsi said it will be used at RAK airport and other locations in RAK. The Chinese have a two-year support contract and engineers stationed at the port to train and assist RAK Customs.

Saqr Port Upgrades and Expansion

9.(SBU) In addition to the new container terminal and the construction of a new, wider road leading to the port, Saqr Port expects delivery of mobile cranes in mid-May and several new tugs in 10 months. By mid-August, Al-Tunaiji said a new ship-loader should be in operation. The Port Authority has also recently taken possession of new administrative buildings which Sheikh Saud will inaugurate at the same time as the container terminal.

10.(SBU) The Saqr Port Authority owns more than 500,000 square meters of land on the north side of the port's present boundary, currently used for worker housing. There are plans to develop the land into more berths and a shipyard, but the Port Authority is looking for investors. This would more than double the port's size.

RAK's Other Ports

11.(SBU) Three smaller ports are operational in RAK. These ports are independent of the Saqr Port Authority. The descriptions of the ports given by al-Habsi and Saqr Port management closely mirrored those of RAK Customs Director General Mohammad Al Mehrizi (reftel).

¶12. (SBU) The port of al-Hamra is located south of the town of RAK. It is a small industrial port where the main activity is loading barges with quarried boulders that are shipped to the various land reclamation projects along the UAE coast, most notably the World and three Palm Island projects in Dubai.

13.(SBU) A small port at Khor Hanna, to the immediate south of Saqr Port, is currently dedicated to loading barges with boulders for the offshore projects. Though separate from Saqr Port, vessels entering Khor Hanna port must get clearance from Saqr Port.

14.(U) The smallest port in RAK is along RAK creek. Small product carriers use the creek to supply fuel to RAK's main power station. Small vessels carrying bulk and break-bulk cargo, fishing boats, and cargo dhows use the creek. Until late 2006 two small passenger ferries were based in RAK creek, but they are no longer in use.

15.(C) Comment: It is unclear if the choice for KGL over DP World arose from the well-known rivalry between RAK's Sheikh Saud and UAE Vice President, Prime Minister and Dubai Ruler Sheikh Mohammed bin Rashid al Maktoum, or if DP World was even interested in the RAK container facilities. On the surface, it appears a good initial decision since the container port at Fujairah -- run by DP World -- has seen few container ships since handing over operations. The real challenge will be whether KGL is able to lure ships with Saqr Ports' low rates and open berths, and expand outside of purely RAK-based business.
SUTPHIN